

Declassified in Part - 25X1
Sanitized Copy Approved for
Release 2012/02/23 :
CIA-RDP85T00875R001000080

Declassified in Part -
Sanitized Copy Approved for
Release 2012/02/23 :
CIA-RDP85T00875R001000080

Top Secret

25X1

FIB



Weekly Review

Top Secret

November 7, 1975

25X1

25X1

Copy No 666

CONTENTS (November 7, 1975)**MIDDLE EAST
AFRICA**

The WEEKLY REVIEW, issued every Friday morning by the Office of Current Intelligence, reports and analyzes significant developments of the week through noon on Thursday. It frequently includes material coordinated with or prepared by the Office of Economic Research, the Office of Strategic Research, the Office of Geographic and Cartographic Research, and the Directorate of Science and Technology. Topics requiring more comprehensive treatment and therefore published separately as Special Reports are listed in the contents.

- 1 Spanish Sahara: Marchers Move
- 3 Lebanon: Another Respite
- 4 New Soviet Arms for Syria
- 4 Syria: Relaxing the Alert
- 5 Angola: Final Countdown
- 5 Bangladesh: New Leader
- 7 Pakistan: Political Challenges
- 8 Oman: End of the Rebellion Near
- 9 French Territory of Afars and Issas

EUROPE**25X1**

- 10 Spain: Political Maneuvering
- 11 Portugal: Countering the Left
- 12 NATO: Arms Standardization
- 13 Canada: Defense Spending

25X1

- 18 Italy: Christian Democrats Still Divided
- 19 Romania: Ceausescu on the Offensive

**EAST ASIA
PACIFIC**

- 20 North Vietnam: Le Duan's Travels
- 21 Thailand-Cambodia: A Beginning
- 22 Australia: Impasse Continues
- 23 Timor: Going Through the Motions

**WESTERN
HEMISPHERE**

- 24 Argentina: Mounting Pressure on Peron
- 25 Venezuela: Nationalization
- 26 Guatemala: Showdown Near
- 27 Chile: Tightening Security
- 28 Peru: Presidential Power Play

Comments and queries on the contents of this publication are welcome. They may be directed to the editor of the Weekly Review,

25X1

SPANISH SAHARA: MARCHERS MOVE

Morocco launched its mass march into Spanish Sahara on November 6 in the face of warnings of possible dire consequences from Algeria, which is working to block Rabat's efforts to annex the territory. Although King Hassan, in a speech on November 5, ordered the marchers to avoid a confrontation with Spanish forces, he assured them that the Moroccan army would come to their aid against any non-Spanish forces. Some incidents probably will occur involving either indigenous Saharans who want independence or Spanish troops.

Rabat and Madrid reportedly concluded an agreement this week allowing the march to proceed under tightly controlled conditions. The Moroccans will be permitted to cross the border in a sector south of Tarfaya and to advance a few miles into a no man's land from which Spanish forces will pull back. A token delegation of some 50 Moroccans will apparently be permitted to come to El Aaiun, after which all the Moroccans are to return home. If the Moroccans attempt to advance farther into the territory, Spanish troops reportedly will use force to stop them.

Once across the border, the marchers could

easily get out of control and cause incidents that might lead to Moroccan military intervention. Rabat has recruited some unemployed and urban street dwellers who are not likely to follow orders or be especially peaceable. Some disorders have already occurred at assembly points in southern Morocco.

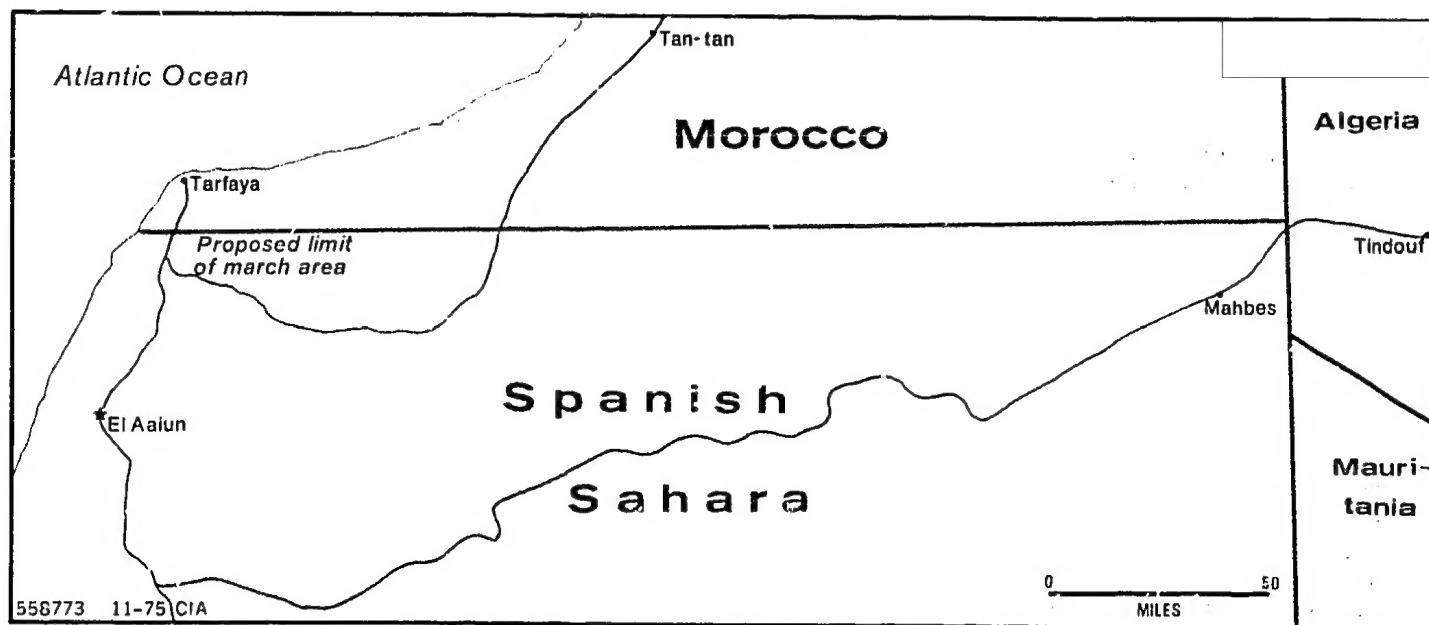
Even if Hassan is able to control his marchers, clashes could occur with members of the Polisario Front, a pro-independence Saharan group supported by Algeria. Armed partisans of the Front have entered border areas in northern Spanish Sahara from which Spanish forces have already been withdrawn and may be in a position to harass the marchers.

press accounts earlier this week of clashes in that area between intruding Moroccan troops and Polisario forces. Morocco may be sending units toward Mahbes in the northeastern region of the disputed territory to prevent Polisario forces from establishing a foothold and to block any Algerian intrusions.

Madrid and Rabat are hoping the march will not precipitate a military confrontation and that negotiations toward a final settlement can be

25X1
25X1

25X1





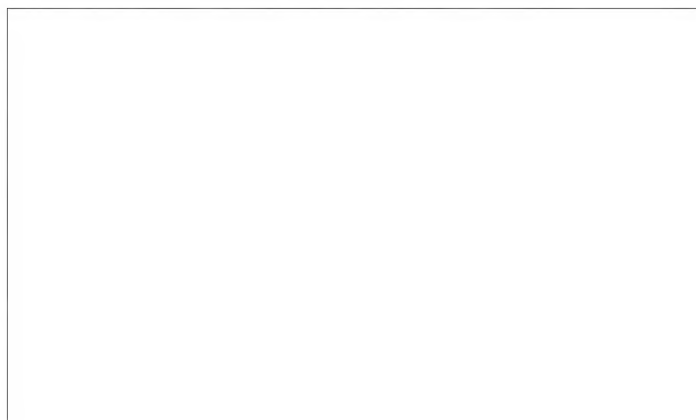
Moroccan volunteers assemble near border

25X1

resumed. Faced with strong Algerian opposition to any direct transfer of the territory to Morocco and Mauritania, however, Madrid has decided once again to seek a UN solution to the problem. King Hassan would accept further talks under UN auspices, but he will continue to oppose Algerian participation or the referendum on self-determination that Algeria demands.

occupy the territory and crush the Polisario guerrillas, Algiers might order its forces to enter the territory and engage the Moroccans.

Algeria has repeatedly denounced the march as an aggressive move since Hassan announced the project last month and can be expected to insist that Spain and the UN force the Moroccans to withdraw. Algiers almost certainly has provided arms to the Polisario Front to promote a sustained insurgency effort. If Moroccan troops attempt to



25X1

LEBANON: ANOTHER RESPITE

Fighting was very heavy in Beirut last weekend, but dropped off sharply later in the week. A growing awareness among right-wing Christians and leftist Muslims and Palestinians that neither side could dislodge its opponents from their new positions without heavy casualties apparently prompted them to respect, at least temporarily, Prime Minister Karami's latest cease-fire.

Some Phalangist forces have withdrawn from the hotels they seized ten days ago, and some leftist and fedayeen forces have withdrawn from the Qantari residential area, but neither side has given up its new vantage points completely. The continued high tension could flare quickly into a resumption of serious fighting.

Elements of the Syrian-controlled Saiqa fedayeen organization and the Palestine Liberation Army reportedly moved from Syria into Lebanon this week, but are not known to have become involved in the fighting in Beirut. Damascus probably has allowed or encouraged this movement to intimidate the Phalangists to respect the cease-fire. On the political front, Syrian Foreign Minister Khadjam late last week joined with Lebanese Socialist leader Jumblatt and Palestine Liberation Organization chairman Arafat in urging Karami to stay in office.

The most recent cease-fire was negotiated on November 1, when Karami met with leaders of the Phalanges Party and the main Palestinian groups. The bargaining that led to the accord enhanced further the already increased political standing of Karami and Arafat. It served also, however, to widen the split between the Prime Minister and Interior Minister Shamun, who did not participate and as a result lost to Karami some of his responsibility for internal security matters.

Karami and Shamun met privately on November 4 in an attempt to patch up their differences over security policy. There were no public announcements after the meeting, but the involvement of at least a token number of army troops in patrolling the cease-fire at midweek suggested that Shamun may have elicited some



Lebanese street fighters

concessions in return for supporting—or at least not opposing—Karami's peace initiative. Army troops reportedly have joined representatives of the internal security force, the private militias, and some leftist and fedayeen groups in dismantling barricades and opening key roads in the capital.

As a result of the improved security situation, both Karami and Shamun are likely for the time being to forget their threats to resign. Although nothing concrete has yet come of efforts to find a political solution to the crisis, the two leaders are probably taking hope from the partial restoration of political activity. The cabinet—including President Franjiyah—the committee for national dialogue, and the new security committee all met again this week.

25X1

25X1

NEW SOVIET ARMS FOR SYRIA

Moscow has promised Syria major additional sophisticated weaponry, reportedly including an understrength squadron of MIG-25s (Foxbat), two squadrons of MIG-23s (Flogger), and additional surface-to-air missiles. The Foxbats are probably the reconnaissance version and are the most important equipment under the new accord.

Moscow has been discussing new weapons for Syria for several months, and they were probably the major subject on President Asad's agenda when he visited there last month.

Soviet willingness to supply the MIG-25s demonstrates the extent of Soviet support for Asad and is probably intended to build up his image in the Arab world.

The Soviets may operate, maintain, and control the Foxbats, as they did in Egypt and probably intend to do in Libya. The new Soviet equipment will require an increase in the estimated 2,600 Soviet military technicians now stationed in Syria. Except for the MIG-23s, which Kuwait is reported to be financing, Soviet long-term credits will finance the other equipment, as in earlier arms agreements.

25X1

Since the October war, Syria has been the major focus of Soviet military supply activity. The \$1 billion of arms deliveries not only replaced Syria's war losses but enabled it to expand and upgrade its air and ground forces. In May 1974, Syria became the first country to receive the supersonic MIG-23 jet fighter. Damascus also has in its inventory MIG-21, SU-7, and SU-17/20 jet fighters as well as the SCUD surface-to-surface missile system, the SA-7 surface-to-air missile system, and the FROG-7 rocket launchers.

Although Syria is still absorbing large quantities of these advanced Soviet weapons, Asad is pressing for a continuing supply of new sophisticated weapons systems as a demonstration of Syrian strength and as a reply to new US arms commitments to Israel. Strains in the

Cairo-Damascus relationship that virtually eliminate Cairo's military support also impose a greater sense of urgency. For its part, Moscow is shoring up its position in the Middle East at a time when Western countries are making inroads.

25X1

25X1

25X1

SYRIA: RELAXING THE ALERT

Syrian military forces last week slightly reduced the high level of alert they have been on for more than two weeks.

Syrian troop activities appeared more normal than the week previously and that some Syrian military vehicles had been taken out of their defensive revetments.

25X1

25X1

Meanwhile, Syria and Saudi Arabia continued preparations for a twice-postponed joint air and ground exercise this week. Part of the exercise will reportedly include an airdrop of about 120 Saudi paratroops near Dumayr, some 30 miles northeast of Damascus. This operation will be supported by Saudi F-5 fighters operating from an airfield in northern Jordan. According to the US defense attache in Amman, the Jordanians will not participate in the exercise but will provide landing facilities and radar assistance.

25X1

25X1

ANGOLA: FINAL COUNTDOWN

All parties in the Angolan struggle are making strenuous efforts to advance their interests in the few days that remain before the Portuguese relinquish sovereignty on November 11. It now appears likely that there will be two rival Angolan regimes—neither recognized by Portugal—claiming legitimacy and competing for international recognition.

Spokesmen for the Soviet-backed Popular Movement for the Liberation of Angola have announced their intention to form a "national unity" government on November 11 to defend Angola's "territorial integrity." They continue to insist there is no possibility of cooperation between their organization and its rivals, the National Front for the Liberation of Angola and the National Union for the Total Independence of Angola.

Leaders of the National Front and the National Union, for their part, announced after a meeting in Kinshasa this week that they are setting up joint committees to coordinate future military and political activities. The committees probably represent a first step by the two groups toward setting up their own government. Each regime can be expected to denounce the other as "secessionist."

The Azevedo government in Lisbon, meanwhile, remains firm in its policy of not transferring sovereignty to any one Angolan movement and is still working for the establishment of a government that would include all three. A high-level Portuguese cabinet member was in Kampala, Uganda, this week to support a parallel initiative by President Amin in his capacity as chairman of the Organization of African Unity. Amin called at the same time for an immediate cease-fire in Angola.

All three Angolan groups have sent delegations to the Kampala conference, but the objectives of the National Front and the National Union diverge widely from those of the Popular Movement. The allied groups have made it clear they will not agree to a cease-fire as a precondition



for negotiations, but only as a possible result of a new political agreement in which their adversary yields major concessions, including the withdrawal of its military forces from Luanda. The Popular Movement is not about to make any such concessions, but probably would readily accept an unconditional cease-fire for the present.

Underlying the divergent objectives is the fact that the Movement, which gained a dominant military position in the territory last summer, has been forced in recent weeks to yield substantial ground to the forces of its two rivals on both the northern and southern battle fronts. This week a combined strike force of Front and Union troops, buttressed by South African advisers and Portuguese mercenaries, captured the vital Benguela-Lobito rail and port complex. In northern Angola, forces of the National Front, with Zairian assistance, are threatening Luanda.

The Movement is also under heavy pressure in the enclave of Cabinda. Heavy fighting reportedly broke out there on November 5 between Movement troops and forces of a Zairian-backed separatist group. Zairian army elements may be involved in the fighting.

sequent appointment of Zia as chief of staff. In recent weeks, Musharraf had a falling out with the coup leaders, who enjoyed direct access to Mushtaque.

On gaining power this week, Musharraf reportedly had Zia arrested; the former army chief may be permitted to leave the country. The officers who led the August coup have already been sent into exile.

25X1

Musharraf may have difficulty holding things together. General Zia is popular in the military, and his supporters could cause trouble. In addition, the cabinet has resigned, and several sub-cabinet members have been arrested. Although the cabinet did not play an important role in the Mushtaque government, the mass resignation of its members suggests that Musharraf may have difficulty lining up political support.

The ministers' resignations were in protest over the killings on November 3 of several imprisoned high-level officials of former president Mujib's regime. A partially successful general strike was held in Dacca on November 5 to protest the killings.

The new regime is trying to divorce itself and the military establishment from the killings, which were apparently the work of one or more of the young coup leaders, and also to avoid, or at least limit, its responsibility for allowing them to leave the country. An official announcement on November 4 denied any military involvement in the deaths and stated that a special commission had been established to investigate the crimes and the departure from the country of the young officers.

India, which was jolted by the overthrow of Mujib, appears to have been caught off guard again by Musharraf's move. New Delhi almost certainly is concerned by the new signs of instability in Dacca and is watching the situation closely. Indian officials have indicated in recent months that trouble in Bangladesh leading to a massive influx of refugees into India could result in India's military intervention in Bangladesh.

25X1

BANGLADESH: NEW LEADER

Tensions among army officers who overthrew President Mujib's regime last August culminated this week in another change of government. The power shift has produced new strains in the military, probably ensuring that the new regime, like its predecessor, will be preoccupied with its security and give little attention to the country's massive economic and social problems.

Brigadier General Khalid Musharraf, backed by key military units in Dacca, gained control of the government on November 3. Two days later, President Mushtaque resigned and was replaced by Chief Justice Sayem, who almost certainly is intended to be a figurehead. Musharraf, until this week the number three man in the army, is the country's new strongman. He has been elevated to chief of staff and promoted to major general. There are also reports that a "revolutionary council" will be formed, which presumably will be dominated by Musharraf and include the commanders who supported his move.

Musharraf's move does not appear to have been precipitated by any policy or ideological differences with Mushtaque. The general seems to have acted out of personal ambition and frustration over the growing influence of his predecessor as chief of staff, Major General Zia ur-Rahman, and of younger officers who led the coup against Mujib. Musharraf, who played an important role in support of the young officers last August, was reportedly displeased by the sub-

25X1

PAKISTAN: POLITICAL CHALLENGES

The pace of political activity has increased in recent weeks. Last week, Prime Minister Bhutto's regime won an important legal victory over a major opposition group when the Supreme Court upheld a government decree of last February banning the National Awami Party, Pakistan's largest opposition party. The court supported the government's claim that the party had sought, through acts of terrorism and subversion, to undermine Pakistan's security and territorial integrity. The government's case appeared weak, but its ability to bring considerable pressure on the justices had led most observers to expect the decision affirming the ban.

The ruling could cause an increase in underground opposition to the government in the North-West Frontier and Baluchistan provinces, where the National Awami Party's strength is concentrated. The verdict also is likely to touch off a new round of hostile propaganda between Afghanistan and Pakistan. The Afghans have long given strong verbal support and some material backing to Awami activists and other dissidents in both provinces, particularly since Mohammad Daoud returned to power in Kabul in 1973. The Awami party and the Afghan government advocate greater autonomy for the two Pakistani provinces, whose inhabitants are ethnically closer to the Afghans than to most Pakistanis.

Partly out of resentment over the government's repression of the National Awami Party, tribesmen in Baluchistan have in recent months resorted increasingly to violence—mainly raids and ambushes against army troops and others. The incidents reportedly are somewhat more widespread than similar dissident activity in the province last year that was largely suppressed by the army. Bhutto has claimed—probably accurately—that although such unrest may persist, the government is capable of preventing any large-scale rebellion in Baluchistan. There has long been tribal resistance to Islamabad's rule in that province.

Bhutto has been confronted with another challenge in Punjab Province, where nearly three fifths of Pakistan's people live. A former governor



Ali Bhutto

of the province, G. M. Khar, defected from Bhutto's Pakistan People's Party in September, taking with him a number of party members in the provincial and national assemblies. These losses did not significantly weaken the party's dominance of either legislature, and Khar himself was decisively defeated by a People's Party candidate last month in a by-election for a vacant provincial assembly seat. Khar, however, appeared to win considerable public sympathy during his campaign, in part because the government resorted to intimidation and fraud to ensure his defeat.

Khar has begun forming alliances with other opposition politicians and hopes to run for the provincial assembly again soon in another by-election. The former governor, a right-of-center politician with many enemies, does not appear to have enough strength to pose a major threat to Bhutto in the near future, but over the longer run he could become a rallying point for a variety of anti-Bhutto groups.

25X1

25X1

25X1

OMAN: END OF REBELLION NEAR

The Omanis are confident that the military wing of the Popular Front for the Liberation of Oman will be defeated in the current Iranian-Omani offensive. There is little doubt that Oman has the opportunity to bring an end to the rebellion—at least militarily.

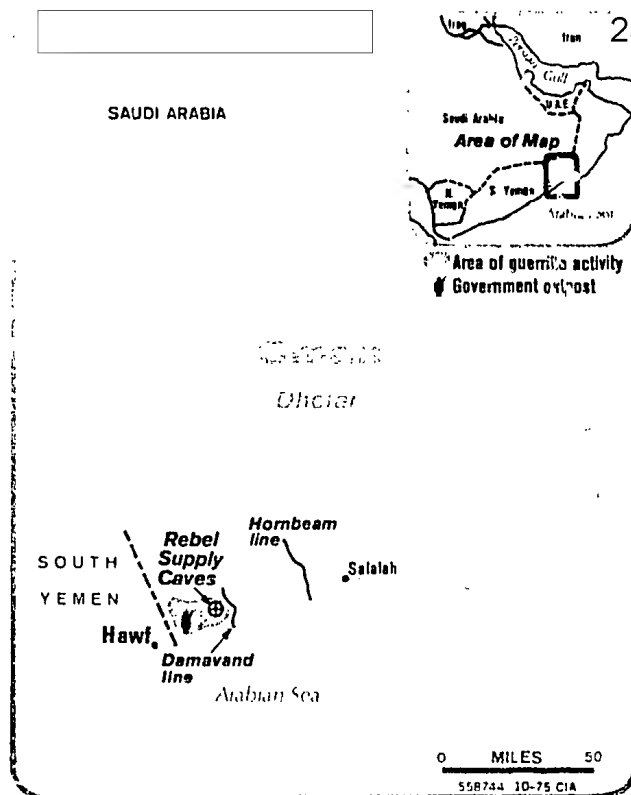
Omani troops near the border have seized several large arms caches, cut the rebel supply lines from South Yemen, and deprived the guerrillas of critical sources of water. The rebels are now boxed in on three sides by Iranian and Omani troops who are preparing to assault their main supply caves. The British commander of the Sultan's forces has left open an escape route in hopes that some of the rebels will choose to return to South Yemen rather than continue the struggle.

The Front's leadership has no reason to doubt Omani and Iranian determination to end the war. Government forces have expanded the scope of the war, using Omani aircraft against artillery positions in South Yemen and fire support from Omani and Iranian naval craft.

The rebels can still inflict heavy casualties, but without a substantial input of men and materiel from their backers, they will soon cease to be an effective fighting force. Over the past 18 months the Front's strength is estimated to have dwindled from about 1,000 to fewer than 300 men. Defections are steadily increasing, local tribesmen are less willing to serve in a support role, and the estimated 350 South Yemeni irregulars serving with the rebels have been reluctant to fight.

The Popular Front cannot be optimistic that it will receive the foreign support it needs. Its pleas for help from other Arabs have produced some Libyan arms, but not much else. Moreover, Oman has been able to convince the moderate Arab governments that Iranian troops have not pushed into South Yemen, as the rebels claim.

South Yemen—the Front's principal backer—has a strong ideological commitment to the rebel cause, but is apparently unwilling to make the substantial and direct military intervention necessary to salvage the rebels' military position. Effective military action, in fact, is probably beyond Aden's capability.



A possibly more attractive alternative for Aden is to find a formula for accepting a Saudi offer to provide economic aid in return for an end to Aden's support for the rebellion. Aden would thereby realize some gain from developments it seems powerless to change. South Yemen for the first time reportedly showed a cooperative attitude toward helping resolve the Dhofar problem when the subject came up at an Arab League meeting in Cairo late last month. Meanwhile, Oman, seeking to encourage such tendencies, has said it seeks only an end to Aden's support for the rebels—not the toppling of the South Yemeni government.

The rebels could react to their deteriorating military situation by simply withdrawing into the hills or back into South Yemen, effectively ending their military effort. This would seem an ideal course of action from Aden's point of view. It would absolve it from having to choose between a risky military intervention or acceptance of the political conditions attached to the Saudi offer.

25X1

25X1

FRENCH TERRITORY OF AFARS AND ISSAS

Paris has apparently made up its mind to grant independence to the French Territory of Afars and Issas, its last foothold on the African continent. A peaceful decolonization of the resource-poor territory at the entrance to the Red Sea will not be achieved easily, however, because of competing tribal and foreign interests.

Paris decided to support independence for the territory because of increasing pressure from French leftists, from within the territory, and from Arab and African countries. President Giscard d'Estaing's administration faces serious problems in working out a specific timetable, however, because of opposition in France to relinquishing sovereignty and rivalry between the territory's major political groups. International arrangements also have to be worked out to prevent the territory from becoming a source of contention between neighboring Ethiopia and Somalia.

Officials in France's Foreign Ministry and Department of Overseas Territories are currently preparing contingency plans for granting independence. Objections from the Defense Ministry and from important parliamentary conservatives must still be overcome before the government can formally announce its intentions.

A recent visit to Addis Ababa by Ali Aref Bourhan, the president of the territorial government, marked a major step forward in the move toward independence. Ali Aref had extensive discussions with the Ethiopians and told representatives of the Organization of African Unity that he will soon propose a referendum on independence to the territorial assembly. The French had never before allowed so much latitude to Ali Aref, who has long worked closely with them. The proposal for a referendum will also have to be ratified by the French parliament.

Both Ethiopia and Somalia have traditional claims to the French enclave, based on the affinity between Ethiopian Afars and Somali Issas and their respective kin in the territory. Ethiopia's military government, however, has declared its support for independence and appears to be cooperating with Ali Aref, an Afar. Somalia also



Ali Aref

gives lip service to independence, but clearly views it as a prelude to incorporating the territory into Somalia. The Somalis see Ali Aref's developing relationship with the Ethiopians as a threat to Somali aspirations.

While in Addis Ababa, Ali Aref further provoked the Somalis by publicly condemning their failure to renounce their claim to the territory. Mogadiscio responded with a new denunciation of Ali Aref as a French puppet who does not speak for the people of the territory.

The French government is considering arrangements to provide international guarantees for the territory when it becomes independent. Paris is leaning toward seeking such guarantees from the Red Sea countries—Saudi Arabia, the two Yemens, and perhaps Egypt. If this fails, France will turn to the OAU, the Arab League, or the UN.

The absence of a recognized nationalist spokesman who can transcend tribal loyalties increases the chances of instability in the territory as independence approaches. Neither Ali Aref nor his opponents—some of whom are calling for immediate independence—can legitimately claim a popular mandate to lead an independent government. The traditional animosity between Afars and Issas is likely to intensify as each tribe seeks to assert its right to be recognized as the successor to French rule.

25X1

25X1

25X1

25X1

SPAIN: POLITICAL MANEUVERING

Spain's pressing need for an active head of state, plus the near certainty that Franco will not recover, apparently convinced Prince Juan Carlos to accept once again the designation of temporary chief of state. He had originally resisted this arrangement because of his experience when he took over briefly in the summer of 1974. At that time he served only as a figurehead, and he is concerned that a recurrence would damage his reputation as a leader and possibly endanger the future of the monarchy.

The virtual certainty that Juan Carlos will soon lead Spain has spurred intensive political maneuvering behind the scenes. Prominent politicians of the establishment, encouraged by widespread speculation about changes the Prince will make when he takes over, are vying for the post of prime minister. Juan Carlos, however, may decide that it would be better to retain Arias for a period in order to assure a smooth transition.

On the left, the Communist Party, after nearly four decades underground, is striving to unify the opposition against Juan Carlos. The Communists have focused particular attention on forging bonds between the two loose coalitions of the left—the Communist-dominated Democratic Junta and the more moderate leftist Platform of Democratic Convergence. They have encountered opposition from the Spanish Socialist Workers Party—the major socialist faction which dominates the Platform group—who distrust the Communists and favor giving Juan Carlos a chance to show his colors.

The Communists apparently made significant concessions in order to persuade the Platform parties to sign a joint communique of "objectives" for the post-Franco era. The communique, which was issued last weekend, did not condemn Juan Carlos out of hand as the Communists had wanted and was vague on key Communist demands for the immediate establishment of a provisional government and a national referendum to choose between monarchy and republic. The joint statement concluded with the two coalitions pledging to remain in contact and

cooperate from time to time while working to achieve their own goals.

The Communists' immediate aim is probably to head off any effort by the post-Franco government to isolate them from the non-Communist left. Juan Carlos, once he becomes king, may legalize many of the parties now in opposition, but it is highly unlikely that he would include the Communists.

Rightists have indicated willingness to support a degree of liberalization, including the legalization of some socialist and social democratic parties. They emphasize, however, that the change should be in the form of a gradual and controlled evolution that would clearly exclude the Communists from participating in Spain's political life. Rightists have shown some awareness that extremists of their own ilk will also pose dangers to a smooth transition.

Juan Carlos' chances for success and, indeed, for survival will depend to a large extent on his ability to respond quickly and effectively to the pressures for change without provoking a right-wing backlash from those who are determined to preserve the status quo. The difficulties and dangers inherent in the Prince's task are increased by Franco's continued presence. Juan Carlos will probably be reluctant to make major domestic changes until he has been sworn in as king, and as long as Franco clings to life, ultrarightists who oppose all change will be able to cite "Franco's personal views" to obstruct progress. The left, meanwhile, will be expecting Juan Carlos to act decisively and quickly. Hesitancy on his part could lead to demonstrations by the left which in turn could provoke confrontations—perhaps violent—with establishment and right-wing supporters.

25X1

25X1

PORTUGAL: COUNTERING THE LEFT

The government of anti-Communist Prime Minister Azevedo is striving to maintain the upper hand in the face of left-wing efforts to undermine its authority. Rumors of plotting to overthrow his government by both the left and the right have placed Azevedo under an additional strain.

Azevedo traveled to southern Portugal on November 4 to demonstrate his government's popularity in the countryside, away from the leftist influences that pervade the larger urban centers. An enthusiastic crowd of about 10,000 in Faro cheered Azevedo's remarks on the need for a strong and stable central governing authority. Last week, at a rally organized in Porto by pro-government political parties, a crowd of 100,000 greeted Azevedo in the first of a planned series of visits to the provinces. The Socialists and the Popular Democrats are planning another rally in support of Azevedo for Lisbon on November 9.

The cabinet shares Azevedo's concern over the lack of governmental authority in Portugal and is asking military leaders to do something about it. Following a session early this week, the cabinet requested a joint meeting with the Revolutionary Council to discuss how they intend to enforce the decree ordering the surrender of all illegally held weapons. The order was issued by President Costa Gomes on October 17, but was ignored by the extreme left wing, which is said to hold thousands of arms stolen from military depots. Only a handful of weapons was turned in by the October 25 deadline.

The cabinet also announced its support of Portugal's decolonization policy, which has been sharply attacked by leftists who would prefer to turn Angola over to the Soviet-backed Popular Movement for the Liberation of Angola when the colony becomes independent on November 11. The Azevedo government is determined to avoid handing power over to only one of the three warring Angolan factions. If presented with no better solution, Lisbon will probably transfer sovereignty to the "Angolan people" and wash its hands of a problem that appears to defy solution.

Coordination Minister Crespo is continuing efforts to bring the three liberation movements to the negotiating table in hopes of striking an eleventh-hour compromise that would enable the Portuguese to withdraw gracefully. According to one Foreign Ministry official, the Portuguese are already losing touch with the situation, but harbor no illusions that a settlement would be anything more than temporary.

The left is exploiting the Angolan situation to aggravate the broader differences between itself and the government in hopes of throwing the government off balance. Charges by several newly formed radical military groups that anti-Communist military leaders are consorting with the right wing in a bid to return to power have been played up by the leftist press. Preparations for large-scale military maneuvers and the transfer of military aircraft and weaponry from Lisbon to outlying areas have been cited as proof of a plot. 25X1

The chances for a successful move by the left appear to have receded somewhat with the decrease of left-wing influence in the military. The turnout at recent rallies sponsored by the far left and radical military groups has been unimpressive compared to the crowds attracted by Azevedo. Recent reductions in the size of the armed forces are expected to diminish the number of political militants in uniform and to restore control of the military to career officers. 25X1

The more than 200,000 Angolan refugees who have returned to Portugal may present a greater threat to the government. Largely conservative in outlook and harboring grievances against the Lisbon government, their objectives coincide with those of right-wing exiles known to be plotting against Azevedo. The arrest of two supporters of former president Spínola in a refugee camp in northern Portugal on November 1 suggests that the rightists are capitalizing on refugee dissatisfaction to further their own plans. 25X1

NATO: ARMS STANDARDIZATION

The well-publicized effort to shore up NATO's conventional war capability by ensuring the compatibility of allied arms and military equipment may have been advanced this week by NATO's Eurogroup, the informal caucus of most European NATO members. Final agreement still has not been achieved, however, on the composition and authority of a group assigned to guide the effort. Underlying this disagreement is the fear of many Europeans that the NATO initiative threatens to reduce Europe to a state of total dependence on the US. A North Atlantic Council debate on arms standardization is scheduled for next week.

The effort to standardize conventional armaments and equipment in NATO is as old as the Alliance itself, but has drawn new life recently from a unique conjunction of political, strategic, and economic conditions. The onset of strategic parity and the modernization and improvement of Warsaw Pact capabilities in Europe have highlighted the need to strengthen NATO's ability to resist a conventional attack. Present economic difficulties in the West, coupled with the rising cost of military hardware, have also made the idea more attractive. Finally, precarious conditions on NATO's southern flank have underscored the need to shore up the Alliance.

These unusual conditions led the US to sponsor a proposal in NATO that not only endorses joint arms procurement under common specifications but foresees eventual trans-Atlantic competition between the US and a fully developed European arms industry. Development of this European industry is expected to be indirectly fostered by provisions of the Nunn Amendment, which allows US purchases of arms and equipment from abroad. The European reaction has been understandably enthusiastic, because the proposal has suggested a US desire to reduce its domination of the trans-Atlantic arms trade and thereby provide the necessary incentive for enhanced European economic and political cooperation.

There is nevertheless still considerable uncertainty about how the US will interpret its mandate to buy abroad. The Europeans are worried by

repeated US demands that European-produced equipment meet strict standards of quality and economy—which may not be attainable at this time.

Britain and France rely heavily on arms exports to improve their balance of payments and maintain employment. They insist that realistic arms purchase requirements must recognize this, and that the cost-efficiency emphasis be qualified accordingly. France also argues that US superiority in high-technology areas means that under strict standards of competition, Europe would gradually be reduced to the role of "sub-contractor" and left to produce only low-level conventional armaments. This prospect of reduction to a state of technological dependence on the US is of great concern to Europeans already fearful that the American policy of detente will lead eventually to their political subordination to Washington.

These arguments have special significance since they are being made by the French. France has not participated in the military side of the Alliance since 1966, but winning their cooperation is important to the development of an improved conventional posture in Europe. Britain and West Germany are especially anxious to draw France into the discussions to strengthen the case for increased arms purchases by the US. Participation by the sizable French armaments industry is important for the success of any standardization program.

Consistent with France's desire to maintain national discretion over the commitment of French forces, however, French spokesmen are nevertheless still insisting that discussions of arms standardization in NATO take place in a forum that defers heavily to national interests. France is also refusing to participate in Eurogroup discussions because that body is closely tied to NATO.

25X1

25X1

25X1

25X1

A decision announced on November 5 by the Eurogroup suggests that matters may be moving to a head. The group, which has been working on a common position since May, announced plans to establish bodies to work out the details of the European arrangements and the principles for a trans-Atlantic dialogue. France has been invited to join, with the understanding that the members would be ready to discuss organizing the effort in a manner that would be politically acceptable to France. Both the British—who chair the Eurogroup—and the Germans seem willing to meet with France outside the Eurogroup forum provided Paris commits itself first to address arms standardization in a serious way. At the same time, the Eurogroup position appears to reflect its equally strong conviction that the best way to bring the French along is to appear ready to leave them behind.

The Council session next week is designed to produce something concrete that can be reported at the NATO ministerials in early December. France will clearly have to make its decision soon.

CANADA: DEFENSE SPENDING

Prime Minister Trudeau's cabinet is still studying a report on defense spending which is certain to affect the structure of Canada's armed forces as well as the nation's foreign and domestic policies.

The issue is complex, and there are conflicting pressures both at home and abroad. Ottawa has assured NATO that it will continue to fulfill its previous defense commitments, but inflation, which forced adoption of wage and price controls, also has led the government to set an example by economizing in its own budget. Ottawa would like to cut back on participation in UN peacekeeping efforts but is under pressure to continue to participate.

The government realizes that it cannot gain public support for wage and price controls unless there is similar restraint in government spending. Defense expenditures have increased some 12

percent in the past year, but this merely keeps pace with inflation. Faced with labor's growing assertiveness and opposition to economic controls, Trudeau is not likely to risk a confrontation by proposing cuts in social and welfare programs while increasing outlays for defense.

On the other hand, Trudeau wants to meet defense commitments, which Canada divides into four areas—home defense, including Olympic games security, continental defense, NATO commitments, and UN peacekeeping forces. The defense review reportedly places highest priority on home defense, with the support for the Olympic games as an added complication. Trudeau recently assured visiting US secretaries of State and Defense of his intention to continue Canada's participation in joint continental defense at the current level. Canada has also assured NATO that it will maintain its forces in Europe and the North Atlantic "at their present level of effectiveness." Canada's UN peacekeeping contribution, the lowest priority, appears the most vulnerable to substantial cuts.

Ottawa is considering cutting its Middle East UN contingent, ostensibly because of lack of trained personnel and the need to support the 1976 Olympics. Pressure from the UN is heavy, however, and Ottawa has indicated that no final decision has been made.

The Trudeau administration, reluctant to make these difficult choices, may opt to try to give the appearance of meeting commitments while in fact cutting expenditures in its peacekeeping forces and NATO contingents. Canada has already offered, for example, to increase its air unit in the Middle East by 50 men and four helicopters in exchange for a withdrawal of 270 men from the communications and observer forces. Ottawa might replace obsolescent aircraft and tanks in Europe while making some cuts in personnel and other equipment, arguing that there would be no loss in the battle effectiveness of the modernized but smaller force.

Whether such adjustments could ward off domestic economic and political pressures remains questionable. Canadian officials hope to complete the defense review sometime next month.

25X1

Page Denied

Next 3 Page(s) In Document Denied

ITALY: CHRISTIAN DEMOCRATS STILL DIVIDED

Nearly five months after the Communist Party's sharp gains in regional and local elections, Italy's Christian Democrats are still far from agreement on how to prevent the Communists from repeating their success in scattered local elections this spring and in the 1977 parliamentary race.

The question of how to reverse the trend toward the Communists has tended to polarize the Christian Democrats. One group centers around Prime Minister Moro and interim party leader Zaccagnini. It includes most of the party's traditional left wing as well as some centrists, like Foreign Minister Rumor, who have gravitated toward the left since the June elections. These Christian Democrats share the conviction that their party will have to shift its policies to the left and draw the Communists into a "competitive dialogue" in order to compete with them successfully at the polls. The Moro-Zaccagnini group wants to define the differences between the Christian Democrats and Communists in terms of tangible issues more than ideology, on the assumption that anti-communism per se has declining appeal for the country's discontented voters.

The opposing group appears somewhat stronger numerically and draws most of its support from the party center and right. The group's leaders—including former Christian Democratic chief Fanfani, Budget Minister Andreotti, and Defense Minister Forlani—believe that party policy should continue to center on the unanimous "opposition" to the Communists expressed by the 1973 Christian Democratic congress. This group fears that shifting the emphasis to a policy of "dialogue" with the Communists would only enhance their respectability and lead ultimately to broader collaboration with them.

Advocates of the "dialogue" thesis now occupy the top posts in both the party and the government. This appears to be encouraging the centrists to try to substitute one of their own—Defense Minister Forlani is the front-runner—for Zaccagnini as party leader. Zaccagnini was never a major contender for the top party post but agreed to take the job on a tem-

porary basis three months ago when the Christian Democrats could not agree on a successor after ousting Fanfani.

Until recently, most Christian Democrats have agreed that Zaccagnini should remain at the helm until the yet-to-be-scheduled party congress. Some of Forlani's supporters, however, seem to be urging him to advance his own candidacy when the Christian Democratic national council—the party's principal deliberative body—meets later this month. They maintain that the party needs more than a temporary leader as it prepares for the local elections this spring that will involve about a quarter of the voters.

Forlani is probably reluctant to risk deepening the divisions within the party by challenging Zaccagnini so soon. Forlani could probably command a majority in the national council if he forced a showdown now, but he may be reluctant to risk an internal split similar to the one that complicated Christian Democratic preparations for the June elections. The party's leadership and policies would be opposed by its own left wing at a time when the Christian Democrats' major task is to improve their standing with an electorate that is leaning increasingly toward the left.

Both the Socialists and Communists are watching the Christian Democratic struggle carefully. The Socialists are hoping that the Christian Democrats will eventually agree to an arrangement, such as formalized consultations with the Communists, that would limit the latter's ability to exploit discontent with unpopular government decisions. The provision for consultations is one of the conditions the Socialists placed on their renewed collaboration with the Christian Democrats in the national government.

The Communists, for their part, are avoiding actions that could increase political uncertainties while they are attempting to consolidate their recent gains. This is best seen in the Communists' reluctance to challenge the fragile Moro government. The Communists recently hinted, for example, that they would abstain rather than vote against Moro in an upcoming parliamentary vote on the government's budget.

25X1

25X1

ROMANIA: CEAUSESCU ON THE OFFENSIVE

In speeches in Lisbon and Bucharest over the past week, Romanian President and party chief Ceausescu came forth with some of his most nationalist rhetoric in recent years. Combined with the accelerated pace of Romanian diplomatic and interparty contacts, his remarks strongly suggest that the Romanians are determined to resist the Soviets on a number of issues, including Moscow's role in the world communist movement and in the CEMA summit later this month.

At home, Ceausescu used his opening address to the 10th congress of the Romanian youth organization this week to extol this intense and implicitly anti-Soviet nationalism. He quoted from a nationalist poem, "Romanians would rather fall like lions than be chained like dogs" and urged his cheering audience to carry on "an unremitting struggle so that our country may find its place among free nations, so that we may live like lions and remain unchained forever."

While in Portugal last week, Ceausescu took every occasion to snipe at Moscow. Stressing the parallel between Lisbon's current situation and that once confronted by Bucharest, he said that Romania had solved its own special problems—including those in the economic sector—without outside assistance. He threw down the ideological gauntlet to Moscow when he publicly advised all "progressive forces" in Portugal—including elements of the bourgeoisie—to work together.

The Romanians clearly anticipate hard bargaining at the CEMA summit, particularly with Moscow on the issue of economic integration. Ceausescu normally goes on the offensive when he is faced with a difficult situation. In this case,



Ceausescu in Portugal

he has expanded his contacts with both the communist and the non-communist world, hoping to attract world attention to his regime's alleged problems with Moscow and perhaps to enlist the quiet support of some of his East European comrades.

Bucharest's spate of international contacts began in early September, when an unprecedented number of high-level party and state figures made visits to Peking. Ceausescu has since received an almost steady stream of West European communists and leftist politicians—particularly Spanish and Italian communists, who also oppose Moscow's efforts to dominate the European party conference.

Moscow is undoubtedly aware of Ceausescu's remarks to the Portuguese as well as his speeches at home, but the Soviet reaction to the Romanian's offensive has so far been restrained. In previous campaigns of this sort, the Soviets have generally declined to counter Romanian invective openly. Instead, they have preferred to use behind-the-scenes pressure, such as was exerted during Party Secretary Katushev's visit to Bucharest early last month, or resort to aesopian language on subjects not directly pertaining to Romania but whose meaning is clear to Bucharest.

25X1

25X1
25X1

NORTH VIETNAM: LE DUAN'S TRAVELS

North Vietnamese party chief Le Duan is approaching the end of a two-month trek in search of economic aid commitments from his communist allies. With the war over, the Vietnamese communists are finding their allies less charitable than in the past. In most of the communist capitals, Le Duan has received promises of credit on relatively easy terms, but it is clear that the days of large-scale grant aid are over.

On the political side, the visits provided additional evidence that Moscow now enjoys somewhat better relations with Hanoi than does Peking. In Moscow, Le Duan and Soviet party chief Brezhnev were able to come up with common language on a wide range of foreign policy concerns. In China, the two sides could not even agree on a joint communique. The North Vietnamese, however, realize that maintaining their freedom of action requires a continuing balancing act between the Soviets and the Chinese, and they are not likely to move too far in the direction of the Soviets.

China

The Chinese indicated they were likely to take a firm line with Le Duan when, in late September, on the eve of his departure for Peking, they publicly underscored their claims to two island groups in the South China Sea that Hanoi also claims. In the speech making, the Chinese lectured the Vietnamese on the dangers of Moscow's detente policy, while Le Duan insisted on praising Soviet as well as Chinese wartime aid and promised to strive to bring unity back to the world communist movement. Despite these important differences, the Chinese clearly have not given up hope for improved relations with Vietnam—a fact demonstrated by the warm greeting afforded Le Duan by Chairman Mao. Nevertheless, the North Vietnamese left China without hosting a reciprocal banquet for the Chinese and, most significantly, no joint communique was issued on the week-long visit. Hanoi is not only antagonized by the island dispute, but also by the way Peking has sought in recent months to build up its position in Cambodia and

Thailand, in part by playing on deep-seated Khmer and Thai distrust of the Vietnamese.

The two sides did sign agreements on trade for 1976 and an interest-free loan for Hanoi. Unlike the European Communists, however, Peking did not commit itself to any specific long-term aid for Hanoi's second five-year plan (1976-80). A North Vietnamese vice minister of trade has remained in China, perhaps to continue discussions on long-term assistance.

The USSR

The signs of friction between Hanoi and Peking during Le Duan's visit were not lost on Moscow. When Le Duan arrived in Moscow on October 28, he received the full red carpet treatment, with Brezhnev, Podgorny, and Kosygin at the airport to greet him. The Soviets matched their more enthusiastic welcome with what appears to be a generous aid package. In a joint declaration issued on October 30, Moscow promised to provide assistance in launching "several major economic projects" on easy credit terms.

In a gesture Moscow will find to its liking, Hanoi agreed to develop economic ties and "coordinate" development plans "within the framework of the multilateral cooperation of socialist countries." On the surface this would appear to foreshadow a closer North Vietnamese relationship with the Moscow-directed CEMA—Hanoi has attended some earlier meetings as an observer—but the vague formulation allows for considerable flexibility. In practice, it probably means that Moscow will have some say in deciding which East European countries are best suited for meeting Hanoi's particular requirements.

Moscow obtained a North Vietnamese endorsement of some of the USSR's major policy themes. Le Duan, for example, endorsed Soviet detente policies more explicitly than Hanoi has before. The Soviets must have found this especially welcome in light of Peking's efforts in

25X1

September to persuade him of the dangers of detente.

The joint declaration also demonstrated the growing convergence of Soviet-Vietnamese interests in Indochina. It was relatively noncommittal on Phnom Penh, where Chinese influence is predominant. This stance contrasted sharply with pledges of aid and support for the pro-Hanoi regime in Laos.

Despite these bows in Moscow's direction, Hanoi is still trying to steer a middle course. For example, Le Duan offered only the standard Vietnamese exhortation—written into Ho Chi Minh's last will and testament—for a restoration of unity among the socialist countries. He also did not endorse Brezhnev's pet scheme for an Asian collective security system.

After the Trip

With only a stop in Poland remaining, Le Duan has been treated for the most part as a visiting chief of state. This should help the 68-year-old party leader move a little further from under the shadow of the near legendary figure of the late Ho Chi Minh. Le Duan will return home to enormous reconstruction and development tasks that are no less challenging than the long war to bring all of Vietnam under communist rule.

THAILAND-CAMBODIA: A BEGINNING

Thai government leaders are pleased with Cambodian Deputy Prime Minister Ieng Sary's visit to Bangkok last week. Agreement was reached on establishing diplomatic relations and cooperating in trade matters.

Some Thai officials, led by Foreign Minister Chatchai, are citing the success of the talks as

proof that accommodation with communist neighbors is a workable policy. Before Chatchai can make any progress with the Lao and the Vietnamese, however, he will have to come to grips with the issue of military equipment taken to Thailand during the last phase of the Communist take-overs. Both communist countries insist that the equipment be returned before substantial progress can be made in improving relations with the Thai. The Cambodians, on the other hand, provided evidence of their independence of their Indochinese colleagues by not bringing up this controversial issue in Bangkok.

The agreement with Thailand marks Cambodia's first significant step toward developing relations with a non-communist country. The Cambodians, nevertheless, are somewhat cautious. The joint communique's vague formulation on the timing of the ambassadorial exchanges—at a convenient date "depending on prevailing conditions"—confirms that the Cambodians are not yet ready to permit Thai diplomats in Phnom Penh. The Cambodians refused Thai aid offers but will receive urgently needed Thai rice and petroleum products through a barter trade agreement to be worked out later after the establishment of border liaison offices.

The liaison offices may also handle refugee matters. The communique did not refer to the large number of Cambodian refugees in Thailand, but Ieng Sary implied that Phnom Penh was not insisting on their return when he told reporters that Cambodian policy is to take back all refugees "as requested."

In light of the improving Chinese-Thai relations and Peking's desire to counter Vietnamese influence in Indochina, the Chinese almost certainly encouraged Phnom Penh to begin developing relations with Thailand. Chatchai, in fact, attributed the relatively cooperative attitude of Ieng Sary in part to Chinese influence, claiming the Cambodians met Chinese diplomats after each negotiating session with the Thai.

AUSTRALIA: IMPASSE CONTINUES

There are no signs of an early break in the political impasse over the opposition-controlled Senate's refusal to pass government appropriations bills. Liberal leader Fraser continues to insist that the government call national elections as his price for providing essential funds, and Prime Minister Whitlam holds to his contention that the government-controlled House of Representatives cannot be stamped into elections by an adverse Senate vote.

Whitlam has taken heart from Fraser's inept orchestration of the opposition challenge. The opposition lost considerable public respect last week as a result of its awkward efforts to implicate Whitlam in the foreign loans scandal which triggered the opposition's demand for elections. The opposition is also discomfited by widespread public disapproval of its unprecedented tactic of blocking appropriations.



John Fraser

Fraser's public standing has suddenly dropped below Whitlam's 37-percent approval rating. The Labor Party narrowed the gap in the public standing, but still trails the Liberal-Country opposition by a 7-percent margin.

Whitlam felt sufficiently buoyed this week to reject Fraser's offer of passage of the budget in return for a promise of elections for the House by the middle of 1976. Whitlam, whose electoral mandate extends into 1977, vows not to call a general election for at least a year. With Whitlam's rejection of the appropriations-elections deal, the opposition will continue to block appropriations with the hope that the Governor General will intervene to force elections by the end of the year.

In the midst of the political turmoil, the Whitlam government has taken two foreign policy steps that cater to the left wing of the Labor Party at the expense of important foreign relationships.

Last week, Canberra reversed its hands-off policy on Portuguese Timor by reminding Jakarta of the necessity for a negotiated settlement and offering to facilitate talks in Australia. There have been strong complaints from the left that Canberra's tacit support for eventual integration of the colony with Indonesia has encouraged Indonesia to support factions fighting the left-wing Fretilin forces.

Australia also abstained on the North Korean resolution in the UN General Assembly, following a last-minute threat by Pyongyang to break diplomatic relations if Australia voted against the resolution. The North Koreans pulled their embassy staff out of Canberra, however, before learning of the Australian switch.

In another move certain to gratify Labor's left wing, Whitlam has accused the National Country Party, the junior partner of the opposition coalition, of accepting CIA money. Although Whitlam has failed to substantiate his charges, they have been hotly debated in parliament.

25X1

25X1

TIMOR: GOING THROUGH THE MOTIONS

Talks between Indonesia and Portugal last weekend in Rome resulted in little more than another pledge by Lisbon to do what it can to secure a cease-fire between the local forces now struggling for control of Portuguese Timor. Lisbon can probably do very little. Jakarta concluded weeks ago that a Portuguese request for Indonesian "assistance" in restoring law and order to the colony would not be forthcoming, and that the Portuguese have neither the inclination nor ability to reassert their own authority in the colony.

The continuing diplomatic dialogue with Portugal, however, is important to the Indonesians, if only to demonstrate to world opinion that Jakarta would prefer a non-military solution. Indonesia has had increasing difficulty in maintaining a low profile on Timor as its limited military intervention there has expanded. Recently, Portugal compounded Jakarta's image problem by announcing that it had asked Jakarta to withdraw its forces from the Timor border area and nearby waters. The Australian government last week also added to Jakarta's problems by publicly criticizing for the first time Indonesia's military intervention in Timor.

Bad weather last week continued to im-

pede troop movements and military operations in Timor. Heavy rains and flash floods have made it difficult to move reinforcements and supplies, and the fighting has been confined to sporadic exchanges of small arms and mortar fire.

Indonesian forces now control most of the border area and at least five towns inside Portuguese Timor, and they are attempting to consolidate their positions. The Indonesian Military Command has sent a mobile police brigade to help administer Indonesian-controlled areas; local forces with some reinforcements—including an infantry and artillery battalion—have been sent into several military enclaves.

25X1



Fretilin forces in street fighting

25X1

25X1

ARGENTINA: MOUNTING PRESSURE ON PERON

25X1

Pressures against President Peron continue to mount. Despite her stated determination to stay and fight, she is almost certain to be forced from office within the near future.

According to the latest press reports, the government has acceded to labor's demands for a wage hike. The size of the increase has not been officially announced, [] it may be as much as 40 percent. Economy Minister Antonio Cafiero last week had tried to reach an accord with business and labor to coordinate efforts to retard inflationary pressures.

Official efforts to bring critics of President Peron into line have not only failed but it now appears that the judiciary is cooperating with the legislature to force her from office on charges of corruption.

A judge has ordered the arrest on charges of corruption of Rodolfo Roballos, who briefly served as social welfare minister following the removal of Lopez Rega. The action stems from an investigation under way in the lower house of Congress to examine financial misdealings of Peron's administration. Historically, both the legislature and the judiciary have been generally subservient to the President, but it is becoming increasingly clear that most government figures who are not wholly dependent on Peron see her departure from office as a necessity and the only possible way to prevent a military take-over. Even members of the cabinet are said to agree now that she should step down.

The leading political opposition leader, Ricardo Balbin, who has long cooperated with the government, now charges that President Peron does not understand the deepening economic and social problems of the country and cannot be allowed to continue ruling it.

The President has blamed "journalistic terrorism and defamatory rumors" for her troubles. Minister of Interior Angel Robledo is also trying to stem growing public criticism of the administration by warning journalists to avoid "sourceless reports, assumptions, speculation, false information, and other forms of undermining institutions and confusing public

opinion." Although Robledo's directive is interpreted as a threat to press freedom, he may be attempting to prevent outside forces from adding to the government's difficulties at a critical time.

Meanwhile, feuding within conservative Peronist circles continues to grow over what to do about the President. Although most reformist-oriented and youth groups long ago sided with leftist terrorist opposition to her or dropped out of politics, strains within the "orthodox" sector—which includes the bulk of organized labor—have continued to deepen. The two factions have focused on the issue of political control—whether to follow orders from Peron or not. The most powerful figure arguing against following Peron's orders is the governor of Buenos Aires Province, Victorio Calabro, who occupies a uniquely powerful position as the only labor leader who holds an elected high political post. During the past month, he has repeatedly criticized the administration, and recently he repeated his criticisms in answer to a Peronist disciplinary tribunal's demand that he retract them. The tribunal has responded by expelling him from the movement, an action that will undoubtedly gain Calabro a larger following.

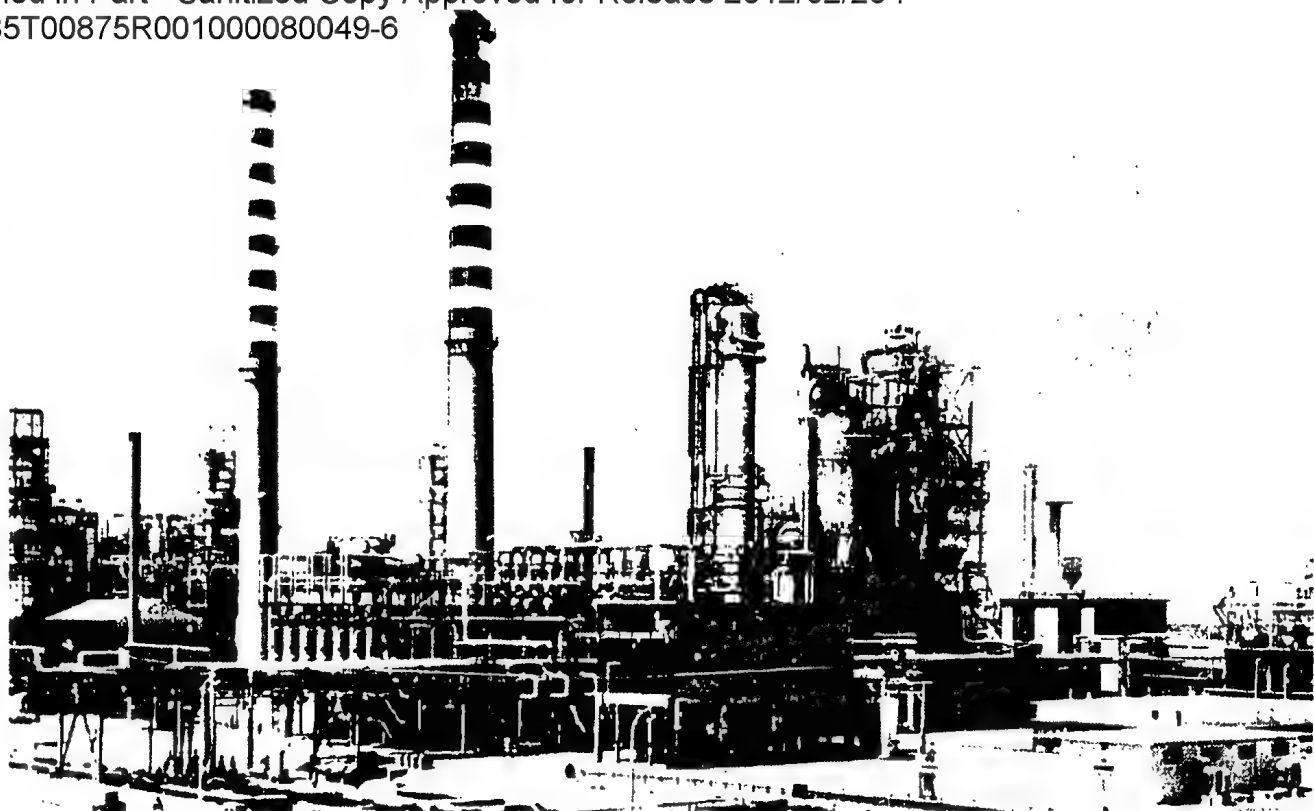
The latest reversal for President Peron is the apparent defection of Lorenzo Miguel, the political head of the Peronist labor movement. Miguel has sided with the President in her political battles until now, but [] he is urging her to resign because of the political reaction to disclosures of extensive corruption in the administration.

25X1

25X1

25X1

25X1



Venezuelan oil refinery

VENEZUELA: NATIONALIZATION MOVES AHEAD

Foreign petroleum companies have accepted Venezuelan offers of compensation, clearing an important hurdle for the transfer of the billion-dollar private industry to state control. Marketing and technical assistance agreements with each of the 19 foreign firms must now be worked out. Venezuelan officials are optimistic that all agreements can be completed in time for the formal transfer of company assets on January 1, 1976.

According to Article 12 of the nationalization law, the agreement for each company must be set forth in a written document—an acta—prepared by the attorney general and signed by him and the concessionaires. The acta is then immediately submitted to congress for "consideration and approval" within 30 days. The government's legislative majority in both chambers ensures final acceptance of the agreements. The opposition leftist parties, however, particularly the Social Christians and the Marxist Movement Toward Socialism, have already begun to ask some pointed questions about the nationalization process. They are focusing their attacks on how

much the companies will be paid for their marketing and technological services, whether the compensation figure includes deductions as required by law for drainage and marginal fields, and the apparent "monopolization" by transnational companies of international marketing and technological assistance to the petroleum industry.

Opposition efforts to generate public support are hampered by the complexity of the issues, disarray and division within the major opposition parties, and President Perez' proven ability to manipulate public opinion.

The President is personally directing and reviewing materials to be used in a full-scale propaganda campaign to be launched in connection with the nationalization of the petroleum industry in January. Although Perez will portray himself and the Democratic Action Party as directly responsible for throwing off the yoke of foreign domination of Venezuelan resources, the

role played by congress in the nationalization process will be stressed, particularly its efforts to formulate and approve the nationalization law and its assistance to his administration in formulating petroleum policies.

Aside from the obvious intent to portray his administration in the best nationalistic light, the propaganda program is designed to give Perez most of the credit but diffuse the responsibility for any problems that may develop.

GUATEMALA-UK-BELIZE: SHOWDOWN NEAR

Guatemala and the UK are nearing a showdown on Belize, the end result of which could be an outbreak of hostilities before the year is out. This week, the UN's Fourth Committee is likely to pass a British-sponsored draft resolution on Belize, which the Guatemalans consider humiliating. Angered and feeling frustrated, Guatemala has threatened military action if, as seems likely, the General Assembly then approves the resolution. The General Assembly will probably act on the resolution by early December.

The draft resolution calls for resuming negotiations on Guatemala's claim to Belize, but Guatemalan leaders contend it establishes ground rules that prejudge the outcome against Guatemala. The draft specifies that negotiations must be based on the "inalienable right of Belizeans to self-determination and independence" and on the "inviolability and territorial integrity of Belize." Guatemalan leaders have told the British that such language firmly closes the door to meaningful negotiations and could lead to a collision course.

Some leaders, especially in the military, doubtless feel that with no room to negotiate, an invasion is the only way to salvage some scrap of

territory from the claim. At the same time, they see a military move as offsetting what is shaping up to be a humiliating diplomatic defeat in the UN. Others in the leadership, concerned about the disastrous consequences a military defeat—a very real prospect for the logistically handicapped army—would have on political and social stability in the country, are probably pressing for restraint. They will continue to seek a peaceful solution through negotiations, hoping that they can extract some public offer from the British that will salvage some of Guatemala's goals. 25X1

Guatemalan anger could probably be cooled by a UK offer to consider ways to meet Guatemala's economic and security concerns, such as increased access to Amatique Bay and Belizean ports or a pledge that an independent Belize will not be used as a base for Cuban influence. The militants, however, may not be satisfied with anything less than some Belizean territory. They can point out that an earlier Guatemalan proposal, calling for a territorial concession, was roundly rejected by Belize last summer, and a similar approach is not likely to get anywhere in the future. 25X1

The British want to settle the recurring problem of Belizean independence once and for all and seem determined to press forward even at the risk of provoking a Guatemalan military adventure. The British tried last week to calm the Guatemalans by telling them that the UK was open to talks after the UN vote and might then show some flexibility, but this gesture may not be enough to overcome the frustration presently building in Guatemala.

25X1

25X1



Andres Pascal Allende

CHILE: TIGHTENING SECURITY

Recent events in Santiago suggest that the Pinochet government is undertaking a new round of anti-subversive activity. Since September, security forces have uncovered at least ten caches of weapons, explosives, and medical supplies in the Santiago area and have made a number of arrests in at least ten cities.

[redacted] Authorities also uncovered in mid-October what appears to have been a major headquarters of the Revolutionary Left in a Santiago suburb. During a

lengthy gunbattle, several extremists were killed and five captured. Andres Pascal Allende, a nephew of former president Allende and the leader of the extremist group, reportedly escaped.

Authorities speculate that Pascal was wounded and that he and some of his colleagues are being assisted by Catholic clergy, including some American nuns who are now being sought by the government. Evidence suggests that leftists have been granted refuge by the church in the past. The government is certain to raise the issue with church leaders, although it does not yet appear ready to force the issue to the point of risking an open break with the church.

The government now claims that it has shattered an active plot by the Communist Party to assassinate President Pinochet and establish a Marxist-Leninist government by force. Authorities claim to have arrested Communist ringleaders in nine cities and are holding them incommunicado while they search for more.

Although the Communist Party has not been regarded as a direct threat to the regime in Chile, government officials for some time have reportedly been considering a campaign to destroy its infrastructure, which, unlike Allende's own party, survived his overthrow virtually intact. The government's charges about communist intentions suggest an effort to justify such a campaign. There is evidence that one party leader has been working actively with the Revolutionary Left Movement in defiance of the party's policy of nonviolence; this would give the government added justification for moving against the party at this time.

A concerted move against the Communist Party would indicate the government's intention to eliminate the left rather than continue efforts to neutralize it and halt its growth. In light of Chile's current problems involving foreign condemnation of alleged human rights abuses, however, such a move would be at the cost of further international criticism.

25X1

25X1

25X1

25X1

25X1

PERU: PRESIDENTIAL POWER PLAY

In the past two weeks President Morales Bermudez has moved decisively to consolidate his position and reduce radical influence in his administration. His actions, which included the forced resignations of three senior army generals and the detention of two former cabinet ministers, should strengthen his position in the longer term. In the near term, however, he may have to deal with disruptive actions by leftist civilian groups and a few officers loyal to one of the ousted generals.

Since taking power from former President Velasco last August 29, Morales Bermudez has been under strong pressure from more conservative officers to rid the government of radicals, most of whom were closely associated with the former president. Morales Bermudez, uncertain of his support at first, urged caution. More recently, however, the President decided to act because of evidence that Velasco's contacts with civilians and military officers had increased. Moreover, a situation had arisen in which, because of military seniority rules, some troublesome officers would have to be promoted or cashiered.

In the case of General Graham, head of the presidential advisory committee, allegations that he was involved in questionable financial dealings afforded additional plausible grounds for his removal. The ouster of General Rodriguez, commander of the important Lima military region, on the other hand, appears more obviously political, and leftist civilian supporters of the now-retired general are demanding a more explicit justification for the President's action.

A third army general, who in the past has been associated with more conservative policies, was also removed last week, reportedly for failing to declare himself fully in support of the President's other actions. The officer may have been ousted, however, to demonstrate to the radicals that Morales Bermudez still intends to follow an even-handed approach. This approach is also apparent in the fact that Army Chief of Staff Fernandez Maldonado, one of the more vocal anti-American cabinet ministers under Velasco, is



Morales Bermudez

now in line to become prime minister next February when the incumbent retires.

The net effect of these personnel changes will be to strengthen Morales Bermudez' position in the army command structure and in the cabinet and to give him more flexibility in instituting additional changes. Army opposition to the moves probably will be minimal because none of the ousted generals enjoyed widespread personal support. Leftist civilian groups, however, pose more of a potential problem. They are under no constraints to curb their opposition in the interests of maintaining armed forces unity.

A number of radical officers remain in high government posts, but their prospects are uncertain as it is becoming increasingly apparent that Morales Bermudez intends to clear the regime of leftist elements.

25X1

25X1

Page Denied